Government of
Saskatchewan

2006 – 2007
Financial Statements

Saskatchewan
Learning

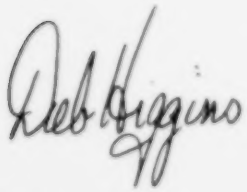
Saskatchewan
Technology Supported
Learning Revolving Fund

Letter of Transmittal

The Honourable Dr. Gordon L. Barnhart, S.O.M., Ph.D.
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Financial Statements of the Technology Supported Learning Revolving Fund for the fiscal year ending March 31, 2007.



Deb Higgins
Minister of Learning

The Honourable Deb Higgins
Minister of Saskatchewan Learning

I have the honour of submitting the Financial Statements of the Technology Supported Learning Revolving Fund for the fiscal year ending March 31, 2007.

Wynne Young
Deputy Minister of Learning

Provincial Auditor Saskatchewan

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SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Technology Supported Learning Revolving Fund (Fund) as at March 31, 2007 and the statements of operations and accumulated operating surplus and changes in accumulated net recovery for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2007 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 25, 2007

Fred Wendel, CMA, CA
Provincial Auditor

Technology Supported Learning Revolving Fund
Balance Sheet
As At March 31

Assets

	2007	2006
Current Assets		
Petty cash	$ 100	$ 100
Accounts receivable	126,885	143,577
Inventories	14,952	30,663
	141,937	174,340
Accumulated net recovery (Statement 3)	424,531	425,395
	$ 566,468	$ 599,735

Liabilities & Equity

Current Liabilities		
Accounts payable and accrued liabilities	$ 221,094	$ 136,563
Unearned revenue	334,998	347,534
	556,092	484,097
Fund Equity		
Accumulated operating surplus (Statement 2)	10,376	115,638
	$ 566,468	$ 599,735

(See accompanying notes to the financial statements)

Technology Supported Learning Revolving Fund
Statement of Operations and Accumulated Operating Surplus
For the Year Ended March 31

	2007 Budget (Note 9)	2007 Actual	2006 Actual
Revenue:			
Sales	$ 233,000	$ 130,285	$ 228,281
Less: Cost of goods sold	100,000	64,610	93,219
Gross profit	$ 133,000	$ 65,675	$ 135,062
Tuition fees	1,100,000	1,072,336	1,149,029
Registration fees	133,000	104,234	122,160
Other revenue	4,500	2,651	2,961
Total Revenue	$1,370,500	$1,244,896	$1,409,212
Expenses:			
Salaries	$1,519,074	$1,587,307	$1,536,419
Postage	60,000	55,275	78,615
Office and educational	45,000	25,599	34,338
Computer support and maintenance	50,000	18,715	30,352
Telephone	20,000	19,372	19,334
Marking fees	-	-	13,629
Advertising and printing	15,000	-	21,882
Other	10,000	12,890	16,580
Total Expenses	$1,719,074	$1,719,158	$1,751,149
Net loss from operations	$ (348,574)	$ (474,262)	$ (341,937)
Subsidy from General Revenue Fund	369,000	369,000	406,000
Net income/(loss)	$ 20,426	$ (105,262)	$ 64,063
Accumulated operating surplus, beginning of year		115,638	51,575
Accumulated operating surplus, end of year - to Statement 1		$ 10,376	$ 115,638

(See accompanying notes to the financial statements)

Statement 3

Technology Supported Learning Revolving Fund
Statement of Changes in Accumulated Net Recovery
For the Year Ended March 31

	2007	2006
Financing required for operating activities:		
Net (loss) income	$ (105,262)	$ 64,063
Net decrease in working capital related to operations (Note 6)	104,398	19,922
	$ (864)	$ 83,985
Accumulated net recovery, beginning of year	425,395	341,410
Accumulated net recovery, end of year to Statement 1	$ 424,531	$ 425,395

(See accompanying notes to the financial statements)

Technology Supported Learning Revolving Fund
Notes to Financial Statements
March 31, 2007

1. Authority and Definition of Entity

The Technology Supported Learning Revolving Fund was established April 1, 1990, pursuant to Section 11 of *The Education Act, 1995*. The purpose of the Revolving Fund is to provide educational services at the high school level, Grades 10-12, to Saskatchewan residents through distance education.

On January 1, 2006, Saskatchewan Government Correspondence School changed its name to Technology Supported Learning. The legislation to change the name was passed on May 19, 2006.

2. Significant Accounting Policies

These financial statements have been prepared using Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Recovery and Note 6. The following accounting policies are considered significant.

a) Net Financing Requirements

The net financing requirement is the cash flow from (to) to the General Revenue Fund. It represents the total annual financing requirements resulting from the net capital acquisitions, working capital changes and net cash flows from operations.

b) Accumulated Net Recovery

The accumulated net recovery of the Revolving Fund includes the aggregate of net (increases) decreases in financing requirements for all fiscal years to date.

c) Inventory

Inventory is valued at the lower of average cost and net realizable value.

d) Revenue recognition

Revenue from tuition fees is recorded in income as the services are provided.

e) Unearned revenue

Unearned revenue consists of tuition fees received prior to delivery of the course. These amounts are included in income when earned (e.g., course is delivered).

Measurement uncertainty exists in these statements in the determination of unearned revenue, since an estimate was used in its determination. Uncertainty in the determination of the amount at which an item is recognized in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount and these variances may be material.

3. Authorized Financing

Section 11(12) of *The Education Act, 1995* provides for a maximum amount of accumulated net expenditures which may at any time be outstanding to be set by order of the Lieutenant Governor in Council. Order in Council 776/90 sets the maximum amount at $1,200,000.

4. Disposition of Accumulated Operating Surplus (Deficit)

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus (deficit). If the actual amount of the surplus (deficit) exceeds the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus or deficit for approval by Treasury Board. Plans may include, but are not limited to, payment of excess surplus to, or requests for additional funding from, the General Revenue Fund. The approved surplus or deficit limit of the Technology Supported Learning Revolving Fund is $100,000.

5. Tuition Fees and Other Related Costs

The Revolving Fund's Technology School tuition fees and other related recoverable costs are described in the annual Technology Supported Learning Calendar. These costs and tuition fees are reviewed annually.

6. Net Change in Working Capital Items Related to Operations

	2007	2006
Decrease in petty cash	$ 0	$ (125)
Decrease in accounts receivable	(16,692)	(99,432)
Decrease in inventories	(15,711)	(8,231)
(Increase) decrease in accounts payable and accrued liabilities	(84,531)	59,377
Decrease in unearned revenue	12,536	28,489
Net decrease in working capital items	$ (104,398)	$ (19,922)

7. Amount Reported in Public Accounts

The net (expense) recovery of the Revolving Fund reported in the Public Accounts is the net (loss) income of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

	2007	2006
Net (loss) income	$ (105,262)	$ 64,063
Decrease in inventory balance	15,711	8,231
Timing differences in recording revenues and expenses	70,655	76,785
Net (expense) recovery reported in Public Accounts	$ (18,896)	$ 149,079

8. Related Parties

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. These transactions are as follows:

	2007	2006
Telephone (SaskTel)	$ 19,371	$ 19,334
Postage and office supplies (Saskatchewan Property Management)	59,394	78,615
Computer expenses (Information Technology Office)	17,581	0
Salaries (Saskatchewan Archives Board – training)	600	0

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing, use of tangible capital assets and certain administrative costs. These costs have been absorbed by various departmental appropriations and, therefore, no provision is reflected in these financial statements. In addition, the Revolving Fund pays Provincial Sales Tax to the Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements.

9. Budget

Treasury Board approves the Revolving Fund's budget annually. The budget amounts presented in these financial statements are based on the budget approved by Treasury Board.

10. Financial Instruments

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that affect the amount, timing and certainty of future cash flows.

b) Credit risk

The Revolving Fund is exposed to credit risk from potential non-payment of accounts receivable. The total of the receivables is $126,885 as at March 31, 2007. An allowance for doubtful accounts was not established because of the minimal record of write-offs of uncollectible accounts. Some of the receivables were received shortly after year end reducing the credit risk.

c) Receivables/Payables

These financial instruments are non-interest bearing and are due or payable within one year. Due to this short-term maturity, the carrying value of these financial instruments approximates their fair value.

d) Accumulated Net Recovery

The fair value of accumulated net recovery has been omitted because it is not practicable to determine the fair value with sufficient reliability.